

Political Economics

After nine months of inquiry the joint Congressional Committee investigating the Tennessee Valley Authority reported to the House and the Senate, as follows:

The majority (five Democrats and one independent Republican) found the TVA "economical and efficient." Everything O. K.

The minority (three Republicans) assailed the TVA for "waste and inefficiency." Everything about it was bad.

If the political divisions of the Congress were reversed, the decision,

regardless of the 101 witnesses whose testimony covered 6,199 pages of printed record, would have been reversed. Whether government ownership and operation of a utility renders greater or less service than private ownership is an economic subject; yet, because government is political, and politicians are primarily interested in control, not in service, there cannot be an unbiased adjudication of this economic problem when the utility is in their hands.

A government monopoly is even less subject to the demands of the market than a private monopoly, for the latter must meet its expenses (including taxes) out of the service it renders, and must to that extent be efficient. A government monopoly can cover up the inefficiency of political management by making the public pay.

It is significant that the minority report did not advocate private management of the TVA as a cure for the "waste and inefficiency" they discovered, but recommended that the whole thing be parcelled out to the War Department, the Department of Agriculture and a reduced TVA, under regulation of Federal and State agencies. They had in mind no consideration of public service, but a re-shifting of control of political patronage. That's how politicians solve economic questions.